

Senate Study Bill 1199

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON MCKIBBEN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development by creating a position of
2 technology transfer advisor, creating a loan and credit
3 guarantee program and fund, creating an economic development
4 marketing board, providing for a business start-up information
5 internet web site, creating a grow Iowa fund, making
6 appropriations and related tax changes, making changes to
7 urban renewal law and related taxes, and including effective
8 date and retroactive applicability date provisions.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
10 TLSB 3447XC 80
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1 1 DIVISION I
1 2 TECHNOLOGY TRANSFER AGENT
1 3 Section 1. NEW SECTION. 7.23 TECHNOLOGY TRANSFER
1 4 ADVISOR.
1 5 Two technology transfer advisors shall be appointed by the
1 6 governor, serve at the pleasure of the governor, and be
1 7 located at offices at the university of Iowa and Iowa state
1 8 university of science and technology. A technology transfer
1 9 advisor is not a state agency and is not subject to chapter
1 10 17A. A technology transfer advisor shall do all of the
1 11 following:
1 12 1. Facilitate the transfer of technology developed at
1 13 universities under the control of the state board of regents,
1 14 community colleges, and private colleges and universities.
1 15 2. Coordinate the technology transfer activities at each
1 16 of the public and private universities to encourage the
1 17 implementation of best practices in technology transfer,
1 18 establish measures of performance, and design programs of
1 19 continuous quality improvement for each technology transfer
1 20 office.
1 21 3. Establish technology transfer goals for the state.
1 22 4. Provide technical assistance to Iowa-based
1 23 entrepreneurs associated with or unrelated to the universities
1 24 under the control of the state board of regents regarding
1 25 technology transfer-related issues. The technical assistance
1 26 shall include assistance in the areas of patents and
1 27 licensing, business development and management, finance,
1 28 production, sales, and marketing.
1 29 5. Receive the technology transfer-related report
1 30 submitted by the state board of regents pursuant to section
1 31 262.9, subsection 31.
1 32 6. To ensure economic growth, serve as a coordinator
1 33 between Iowa-based businesses and businesses intending to
1 34 locate in Iowa.
1 35 Sec. 2. Section 15.108, Code 2003, is amended by adding
2 1 the following new subsection:
2 2 NEW SUBSECTION. 12. TECHNOLOGY TRANSFER ADVISORS. The
2 3 department shall cooperate with and provide staffing support
2 4 to the technology transfer advisors appointed pursuant to
2 5 section 7.23.
2 6 Sec. 3. Section 262.9, Code 2003, is amended by adding the
2 7 following new subsections:
2 8 NEW SUBSECTION. 29. Actively encourage and promote the
2 9 transfer of technology and research at universities under the
2 10 control of the board to commercial application, including the
2 11 start-up of business entities.
2 12 NEW SUBSECTION. 30. Give preference and technical support
2 13 to those faculty members and staff members desiring to obtain
2 14 licenses for intellectual property rights created in whole or
2 15 in part by the faculty member or staff member. However, such
2 16 preference shall not be construed to be a right accruing to

2 17 that faculty member or staff member.
2 18 NEW SUBSECTION. 31. By January 15 of each year, submit a
2 19 report to the governor, through the technology transfer
2 20 advisors, and the general assembly containing information from
2 21 the previous calendar year regarding all of the following:
2 22 a. Patents secured or applied for by each university under
2 23 the control of the board delineated by university and by
2 24 faculty member and staff member responsible for the research
2 25 or activity that resulted in the patent. In the initial
2 26 report filed by January 15, 2004, the board shall include an
2 27 inventory of patent portfolios with details concerning which
2 28 patents are creating financial benefit and the amount of
2 29 financial benefit and which patents are not creating financial
2 30 benefit and the amount invested in those patents.
2 31 b. Research grants secured by each university under the
2 32 control of the board from both public and private sources
2 33 delineated by university and by faculty member and staff
2 34 member. The board shall also include the same information for
2 35 grant applications that are denied.
3 1 c. The number of faculty members and staff members at each
3 2 university under the control of the board involved in a start=
3 3 up company.
3 4 d. The number of grant applications for research received
3 5 by each university under the control of the board for start=
3 6 companies, the number of applications approved, and the number
3 7 of applications denied.
3 8 e. The number of agreements entered into by faculty
3 9 members and staff members at each university under the control
3 10 of the board with foundations affiliated with the universities
3 11 relating to business start-ups.
3 12 f. An accounting of the financial gain received by each
3 13 university under the control of the board relating to patents
3 14 sold, royalties received, licensing fees, and any other
3 15 remuneration received by the university related to technology
3 16 transfer.
3 17 g. The number of professional employees at each university
3 18 under the control of the board who assist in the transfer of
3 19 technology and research to commercial application.
3 20 Sec. 4. This division of this Act is repealed July 1,
3 21 2008.

3 22 DIVISION II

3 23 IOWA ECONOMIC DEVELOPMENT

3 24 LOAN AND CREDIT GUARANTEE FUND

3 25 Sec. 5. NEW SECTION. 15E.221 SHORT TITLE.

3 26 This division shall be known and may be cited as the "Iowa
3 27 Economic Development Loan and Credit Guarantee Fund Act".

3 28 Sec. 6. NEW SECTION. 15E.222 LEGISLATIVE FINDING ==
3 29 PURPOSES.

3 30 1. The general assembly finds all of the following:

3 31 a. That small and medium-sized businesses, in general, and
3 32 certain targeted industry businesses, in particular, may not
3 33 qualify for conventional financing.

3 34 b. That the limited availability of credit for export
3 35 transactions limits the ability of small and medium-sized
4 1 businesses in this state to compete in international markets.

4 2 c. That, to enhance competitiveness and foster economic
4 3 development, this state must focus on growth in certain
4 4 specific targeted industry businesses, especially during a
4 5 time of war.

4 6 d. That the challenge for the public economic sector is to
4 7 design programs, in conjunction with financial institutions in
4 8 the private sector, which fill the gaps in credit availability
4 9 and export finance, and that allow the private sector to
4 10 identify the lending opportunities and foster decision making
4 11 at the local level.

4 12 2. The general assembly declares the purposes of this
4 13 division to be all of the following:

4 14 a. To create incentives and assistance to increase the
4 15 flow of private capital to targeted industry clusters.

4 16 b. To promote industrial modernization and technology
4 17 adoption.

4 18 c. To encourage the retention and creation of family wage
4 19 jobs.

4 20 d. To encourage the export of goods and services sold by
4 21 Iowa businesses in national and international markets.

4 22 Sec. 7. NEW SECTION. 15E.223 DEFINITIONS.

4 23 As used in this division, unless the context otherwise
4 24 requires:

4 25 1. "Financial institution" means an institution listed in
4 26 section 422.61, subsection 1, or such other financial
4 27 institution as defined by the department for purposes of this

4 28 division.

4 29 2. "Program" means the loan and credit guarantee program
4 30 established in this division.

4 31 3. "Qualified business" means an existing or proposed
4 32 business entity with an annual average number of employees not
4 33 exceeding two hundred employees that sells goods or services
4 34 in markets for which national or international competition
4 35 exists. "Qualified business" includes professional services
5 1 businesses that provide services to targeted industry
5 2 businesses and other entities within and outside of this
5 3 state.

5 4 4. "Targeted industry business" means an existing or
5 5 proposed business entity, including an emerging small business
5 6 or qualified business which is operated for profit and which
5 7 has a primary business purpose of doing business in at least
5 8 one of the targeted industries designated by the department
5 9 which include life sciences, software and information
5 10 technology, advanced manufacturing, value-added agriculture,
5 11 and any other industry designated as a targeted industry by
5 12 the department.

5 13 Sec. 8. NEW SECTION. 15E.224 LOAN AND CREDIT GUARANTEE
5 14 PROGRAM.

5 15 1. The department shall, with the advice of the loan and
5 16 credit guarantee advisory board, establish and administer a
5 17 loan and credit guarantee program. The department, pursuant
5 18 to agreements with financial institutions, shall provide loan
5 19 and credit guarantees, insurance, coinsurance in conjunction
5 20 with other providers of loan guarantee programs, or other
5 21 forms of credit guarantees for qualified businesses and
5 22 targeted industry businesses for eligible project costs. A
5 23 loan or credit guarantee, insurance, or coinsurance provided
5 24 under the program may stand alone or may be used in
5 25 conjunction with or to enhance other loans, credit guarantees,
5 26 or insurance programs offered by private, state, or federal
5 27 entities. However, the department shall not in any manner
5 28 directly or indirectly pledge the credit of the state.
5 29 Eligible project costs include expenditures for productive
5 30 equipment and machinery, working capital for operations and
5 31 export transactions, research and development, marketing, and
5 32 such other costs as the department may so designate.

5 33 2. A loan or credit guarantee, insurance, coinsurance, or
5 34 other form of credit guarantee provided under the program to a
5 35 participating financial institution for a single qualified
6 1 business or targeted industry business shall not exceed one
6 2 million dollars in value. Loan or credit guarantees,
6 3 insurance, coinsurance, or other forms of credit guarantees
6 4 provided under the program to more than one participating
6 5 financial institution for a single qualified business or
6 6 targeted industry business shall not exceed ten million
6 7 dollars in value.

6 8 3. In administering the program, the department shall
6 9 consult and cooperate with financial institutions in this
6 10 state and with the loan and credit guarantee advisory board.
6 11 Administrative procedures and application procedures, as
6 12 practicable, shall be responsive to the needs of qualified
6 13 businesses, targeted industry businesses, and financial
6 14 institutions, and shall be consistent with prudent investment
6 15 and lending practices and criteria.

6 16 4. Each participating financial institution shall identify
6 17 and underwrite potential lending opportunities with qualified
6 18 businesses and targeted industry businesses. Upon a
6 19 determination by a participating financial institution that a
6 20 qualified business or targeted industry business meets the
6 21 underwriting standards of the financial institution, subject
6 22 to the approval of a loan or credit guarantee, the financial
6 23 institution shall submit the underwriting information and a
6 24 loan or credit guarantee application to the department.

6 25 5. The department, with the advice of the loan and credit
6 26 guarantee advisory board, shall adopt a loan or credit
6 27 guarantee application procedure for a financial institution on
6 28 behalf of a qualified business or targeted industry business.

6 29 6. Upon approval of a loan or credit guarantee, the
6 30 department shall enter into a loan or credit guarantee
6 31 agreement with the participating financial institution. The
6 32 agreement shall specify all of the following:

6 33 a. The fee to be charged to the financial institution.

6 34 b. The evidence of debt assurance of, and security for,
6 35 the loan or credit guarantee.

7 1 c. A loan or credit guarantee that does not exceed fifteen
7 2 years.

7 3 d. Any other terms and conditions considered necessary or

7 4 desirable by the department.
7 5 7. The department, with the advice of the loan and credit
7 6 guarantee advisory board, may adopt loan and credit guarantee
7 7 application procedures that allow a qualified business or
7 8 targeted industry business to apply directly to the department
7 9 for a preliminary guarantee commitment. A preliminary
7 10 guarantee commitment may be issued by the department subject
7 11 to the qualified business or targeted industry business
7 12 securing a commitment for financing from a financial
7 13 institution. The application procedures shall specify the
7 14 process by which a financial institution may obtain a final
7 15 loan and credit guarantee.

7 16 Sec. 9. NEW SECTION. 15E.225 TERMS == FEES.

7 17 1. When entering into a loan or credit guarantee
7 18 agreement, the department, with the advice of the loan and
7 19 credit guarantee advisory board, shall establish fees and
7 20 other terms that discourage participation in the program by
7 21 qualified businesses and targeted industry businesses with
7 22 access to other forms of private capital.

7 23 2. The department, with due regard for the possibility of
7 24 losses and administrative costs and with the advice of the
7 25 loan and credit guarantee advisory board, shall set fees and
7 26 other terms at levels sufficient to assure that the program is
7 27 self-financing.

7 28 3. For a preliminary guarantee commitment, the department
7 29 may charge a qualified business or targeted industry business
7 30 a preliminary guarantee commitment fee. The application fee
7 31 shall be in addition to any other fees charged by the
7 32 department under this section and shall not exceed one
7 33 thousand dollars for an application.

7 34 Sec. 10. NEW SECTION. 15E.226 LOAN AND CREDIT GUARANTEE
7 35 ADVISORY BOARD.

8 1 The department, in consultation with the superintendent of
8 2 banking, shall establish a loan and credit guarantee advisory
8 3 board. The advisory board shall provide the department with
8 4 technical advice regarding the administration of the program,
8 5 including the adoption of administrative rules pursuant to
8 6 chapter 17A. The advisory board shall review and provide
8 7 recommendations regarding all applications under the program.

8 8 Sec. 11. NEW SECTION. 15E.227 LOAN AND CREDIT GUARANTEE
8 9 FUND.

8 10 1. A loan and credit guarantee fund is created and
8 11 established as a separate and distinct fund in the state
8 12 treasury. Moneys in the fund shall only be used for purposes
8 13 provided in this section. The moneys in the fund are
8 14 appropriated to the department to be used for all of the
8 15 following purposes:

8 16 a. Payment of claims pursuant to loan and credit guarantee
8 17 agreements entered into under this division.

8 18 b. Payment of administrative costs of the department for
8 19 actual and necessary administrative expenses incurred by the
8 20 department in administering the program.

8 21 c. Purchase or buyout of superior or prior liens,
8 22 mortgages, or security interests.

8 23 2. Moneys in the loan and credit guarantee fund shall
8 24 consist of all of the following:

8 25 a. Moneys appropriated by the general assembly for that
8 26 purpose and any other moneys available to and obtained or
8 27 accepted by the department for placement in the fund.

8 28 b. Proceeds from collateral assigned to the department,
8 29 fees for guarantees, gifts, and moneys from any grant made to
8 30 the fund by any federal agency.

8 31 c. Moneys appropriated from the grow Iowa fund created in
8 32 section 15.115.

8 33 3. Moneys in the fund are not subject to section 8.33.
8 34 Notwithstanding section 12C.7, interest or earnings on the
8 35 moneys in the fund shall be credited to the fund.

9 1 4. The department shall only pledge moneys in the loan and
9 2 credit guarantee fund and not any other moneys of the
9 3 department. The department may pledge an amount not to exceed
9 4 a total of one hundred million dollars of moneys in the fund
9 5 to assure the repayment of loan and credit guarantees or other
9 6 extensions of credit made to or on behalf of qualified
9 7 businesses or targeted industry businesses for eligible
9 8 project costs. The department shall not pledge the credit or
9 9 taxing power of this state or any political subdivision of
9 10 this state or make debts payable out of any moneys except for
9 11 those in the loan and credit guarantee fund.

9 12 Sec. 12. This division of this Act is repealed July 1,
9 13 2008.

9 14

MARKETING IOWA

9 15
9 16 Sec. 13. Section 15.108, subsection 9, Code 2003, is
9 17 amended by adding the following new paragraph:
9 18 NEW PARAGRAPH. g. Administer the marketing strategy
9 19 selected pursuant to section 15.121.
9 20 Sec. 14. NEW SECTION. 15.121 ECONOMIC DEVELOPMENT
9 21 MARKETING BOARD.
9 22 1. a. An economic development marketing board is
9 23 established consisting of seven members and is located for
9 24 administrative purposes within the department. The director
9 25 of the department shall provide office space, staff
9 26 assistance, and necessary supplies and equipment for the
9 27 board. In performing its functions, the board is performing a
9 28 public function on behalf of the state and is a public
9 29 instrumentality of the state.
9 30 b. The membership of the board shall be as follows:
9 31 (1) Three members with significant demonstrated experience
9 32 in marketing or advertising appointed by the governor.
9 33 (2) Four members with significant demonstrated experience
9 34 in marketing or advertising appointed by the following:
9 35 (a) The president of the senate.
10 1 (b) The minority leader of the senate.
10 2 (c) The speaker of the house of representatives.
10 3 (d) The minority leader of the house of representatives.
10 4 c. The appointments made by the governor shall comply with
10 5 sections 69.16 and 69.16A and shall be subject to confirmation
10 6 by the senate.
10 7 d. The chairperson and vice chairperson of the board shall
10 8 be elected by and from the board members listed in paragraph
10 9 "b". In case of the absence or disability of the chairperson
10 10 and vice chairperson, the members of the board shall elect a
10 11 temporary chairperson by a majority vote of those members who
10 12 are present and voting.
10 13 e. The members shall be appointed to three-year staggered
10 14 terms and the terms shall commence and end as provided by
10 15 section 69.19. If a vacancy occurs, a successor shall be
10 16 appointed to serve the unexpired term. A successor shall be
10 17 appointed in the same manner and subject to the same
10 18 qualifications as the original appointment to serve the
10 19 unexpired term.
10 20 f. A majority of the board constitutes a quorum.
10 21 2. The board shall do all of the following:
10 22 a. Organize.
10 23 b. Establish rules pursuant to chapter 17A necessary to
10 24 establish procedures for choosing a marketing strategy for the
10 25 department to administer.
10 26 c. Administer the approval process provided in subsection
10 27 3.
10 28 3. The board shall accept proposals for marketing
10 29 strategies for purposes of selecting a strategy for the
10 30 department to administer. The marketing strategies shall be
10 31 designed to market Iowa as a lifestyle, increase the
10 32 population of the state, increase the wealth of Iowans, and
10 33 expand and stimulate the state economy.
10 34 4. The department shall implement and administer the
10 35 marketing strategy selected by the economic development
11 1 marketing board as provided in section 15.108. The department
11 2 shall provide the board with assistance in implementing
11 3 administrative functions of the board and provide technical
11 4 assistance to the board.
11 5 Sec. 15. This division of this Act is repealed July 1,
11 6 2008.

DIVISION IV

INTERNET ECONOMIC DEVELOPMENT ASSISTANCE

11 8
11 9 Sec. 16. NEW SECTION. 15E.118 BUSINESS START-UP
11 10 INFORMATION == INTERNET WEB SITE.
11 11 The department shall provide information through an
11 12 internet web site to assist persons interested in establishing
11 13 a commercial facility or engaging in a commercial activity.
11 14 The information shall include all of the following:
11 15 1. Assistance, information, and guidance for start-up
11 16 businesses.
11 17 2. Information gathered by the department pursuant to
11 18 section 15E.17, subsection 2.
11 19 3. Personal and corporate income tax information.
11 20 4. Information regarding financial assistance and
11 21 incentives available to businesses.
11 22 5. Workforce availability in the state presented in a
11 23 regional format.
11 24 Sec. 17. INTERNET WEB SITE DEVELOPMENT. In developing the
11 25 internet web site required in section 15E.118, the department

11 26 of economic development shall examine similar efforts in other
11 27 states and incorporate the best practices.

11 28 DIVISION V
11 29 GROW IOWA FUND

11 30 Sec. 18. NEW SECTION. 15.115 GROW IOWA FUND.

11 31 A grow Iowa fund is created in the state treasury under the
11 32 control of the department consisting of moneys appropriated to
11 33 the department and deposited in the fund pursuant to section
11 34 422.45, subsection 61, paragraph "d". Moneys in the fund are
11 35 not subject to section 8.33. Notwithstanding section 12C.7,
12 1 interest or earnings on moneys in the fund shall be credited
12 2 to the fund. Moneys in the fund are appropriated to the
12 3 following for all of the following purposes:

12 4 1. To the department for deposit in the loan and credit
12 5 guarantee fund created in section 15E.227, not more than an
12 6 aggregate total of one hundred million dollars.

12 7 2. To the department for purposes of administering the
12 8 marketing strategy selected by the economic development
12 9 marketing board pursuant to section 15.121, not more than an
12 10 aggregate total of fifteen million dollars.

12 11 3. To the governor's office for purposes of section 7.23,
12 12 not more than three hundred thousand dollars per year.

12 13 4. To the department for purposes of administering the
12 14 requirements of section 15E.118, not more than an aggregate
12 15 total of one hundred fifty thousand dollars.

12 16 Sec. 19. Section 422.45, subsection 61, paragraph b,
12 17 subparagraphs (2) through (5), Code 2003, are amended to read
12 18 as follows:

12 19 (2) If the date of the utility billing or meter reading
12 20 cycle of the residential customer for the sale, furnishing, or
12 21 service of metered gas and electricity is on or after January
12 22 1, 2003, through December 31, ~~2003~~ 2008, or if the sale,
12 23 furnishing, or service of fuel for purposes of residential
12 24 energy and the delivery of the fuel occurs on or after January
12 25 1, 2003, through December 31, ~~2003~~ 2008, the rate of tax is
12 26 three percent of the gross receipts.

12 27 (3) If the date of the utility billing or meter reading
12 28 cycle of the residential customer for the sale, furnishing, or
12 29 service of metered gas and electricity is on or after January
12 30 1, ~~2004~~ 2009, through December 31, ~~2004~~ 2009, or if the sale,
12 31 furnishing, or service of fuel for purposes of residential
12 32 energy and the delivery of the fuel occurs on or after January
12 33 1, ~~2004~~ 2009, through December 31, ~~2004~~ 2009, the rate of tax
12 34 is two percent of the gross receipts.

12 35 (4) If the date of the utility billing or meter reading
13 1 cycle of the residential customer for the sale, furnishing, or
13 2 service of metered gas and electricity is on or after January
13 3 1, ~~2005~~ 2010, through December 31, ~~2005~~ 2010, or if the sale,
13 4 furnishing, or service of fuel for purposes of residential
13 5 energy and the delivery of the fuel occurs on or after January
13 6 1, ~~2005~~ 2010, through December 31, ~~2005~~ 2010, the rate of tax
13 7 is one percent of the gross receipts.

13 8 (5) If the date of the utility billing or meter reading
13 9 cycle of the residential customer for the sale, furnishing, or
13 10 service of metered gas and electricity is on or after January
13 11 1, ~~2006~~ 2011, or if the sale, furnishing, or service of fuel
13 12 for purposes of residential energy and the delivery of the
13 13 fuel occurs on or after January 1, ~~2006~~ 2011, the rate of tax
13 14 is zero percent of the gross receipts.

13 15 Sec. 20. Section 422.45, subsection 61, Code 2003, is
13 16 amended by adding the following new paragraph:

13 17 NEW PARAGRAPH. d. There is appropriated from the general
13 18 fund of the state to the department of economic development
13 19 for the fiscal period beginning July 1, 2003, and ending June
13 20 30, 2008, all tax revenues collected under this division as
13 21 described in paragraph "b", subparagraph (2), for the sale,
13 22 furnishing, or service of residential metered gas and
13 23 electricity and the sale, furnishing, or service of fuel for
13 24 purposes of residential energy and the delivery of the fuel.
13 25 Moneys appropriated to the department of economic development
13 26 pursuant to this paragraph shall be deposited in the grow Iowa
13 27 fund established in section 15.115.

13 28 DIVISION VI
13 29 URBAN RENEWAL

13 30 Sec. 21. Section 11.6, subsection 1, paragraph a,
13 31 unnumbered paragraph 1, Code 2003, is amended to read as
13 32 follows:

13 33 The financial condition and transactions of all cities and
13 34 city offices, counties, county hospitals organized under
13 35 chapters 347 and 347A, memorial hospitals organized under
14 1 chapter 37, entities organized under chapter 28E having gross

14 2 receipts in excess of one hundred thousand dollars in a fiscal
14 3 year, merged areas, area education agencies, and all school
14 4 offices in school districts, shall be examined at least once
14 5 each year, except that cities having a population of seven
14 6 hundred or more but less than two thousand shall be examined
14 7 at least once every four years, and cities having a population
14 8 of less than seven hundred may be examined as otherwise
14 9 provided in this section. However, cities having a population
14 10 of less than two thousand shall be examined for each fiscal
14 11 year ending on or after June 30, 2004, if, for the fiscal year
14 12 and pursuant to an urban renewal plan adopted by the city, the
14 13 city had taxable valuation described in section 403.19,
14 14 subsection 2, of one million dollars or more.

14 15 PARAGRAPH DIVIDED. The examination shall cover the fiscal
14 16 year next preceding the year in which the audit is conducted.
14 17 The examination of school offices shall include an audit of
14 18 all school funds, the certified annual financial report, and
14 19 the certified enrollment as provided in section 257.6.
14 20 Differences in certified enrollment shall be reported to the
14 21 department of management.

14 22 Sec. 22. Section 403.5, subsection 1, Code 2003, is
14 23 amended by adding the following new unnumbered paragraph:

14 24 NEW UNNUMBERED PARAGRAPH. In a municipality with a
14 25 population of twenty thousand or less, the taxable valuation
14 26 of property described in section 403.19, subsection 2, located
14 27 in all urban renewal areas in any year in which one or more
14 28 urban renewal plans are in force shall not exceed an amount
14 29 equal to twenty percent of the total taxable valuation in the
14 30 municipality. In a municipality with a population of over
14 31 twenty thousand, the taxable valuation of property described
14 32 in section 403.19, subsection 2, located in all urban renewal
14 33 areas in any year in which one or more urban renewal plans are
14 34 in force shall not exceed an amount equal to ten percent of
14 35 the total taxable valuation in the municipality. For purposes
15 1 of this paragraph, an urban renewal area of a city includes
15 2 urban renewal areas established by the city in the area of
15 3 operation of the city and an urban renewal area of a county
15 4 includes urban renewal areas established by a county in the
15 5 area of operation of the county. For purposes of this
15 6 paragraph, the total taxable valuation in a city includes only
15 7 the taxable valuation of property within the corporate limits
15 8 of the city regardless of where the urban renewal area
15 9 established by the city is located. On or before January 1 of
15 10 each year, the county auditor shall make the adjustments in
15 11 valuation necessary to achieve the limitations in this
15 12 paragraph for the fiscal year beginning July 1 following the
15 13 date of adjustment. However, if because of the limitation in
15 14 this paragraph, the funds to be received by a municipality
15 15 will be insufficient to pay the amount certified to the county
15 16 auditor in section 403.19, subsection 5, for the following
15 17 fiscal year, the auditor shall adjust the reduction to the
15 18 amount of incremental valuation only to the extent needed to
15 19 pay such amount certified. This exception to the valuation
15 20 limitation in this paragraph does not apply to payment of
15 21 loans, advances, bonds, or other indebtedness refunded or
15 22 originally incurred on or after July 1, 2004.

15 23 Sec. 23. Section 403.5, subsection 2, Code 2003, is
15 24 amended to read as follows:

15 25 2. The municipality may itself prepare or cause to be
15 26 prepared an urban renewal plan; or any person or agency,
15 27 public or private, may submit such a plan to a municipality.
15 28 Prior to its approval of an urban renewal plan, the local
15 29 governing body shall submit such plan to the planning
15 30 commission of the municipality, if any, for review and
15 31 recommendations as to its conformity with the general plan for
15 32 the development of the municipality as a whole. The planning
15 33 commission shall submit its written recommendations with
15 34 respect to the proposed urban renewal plan to the local
15 35 governing body within thirty days after receipt of the plan
16 1 for review. ~~Upon receipt of the recommendations of the~~

~~16 2 planning commission or, if no recommendations are received~~
~~16 3 within the thirty days, then, without such recommendations,~~
~~16 4 the local governing body may proceed with the hearing on the~~
~~16 5 proposed urban renewal plan prescribed by subsection 3.~~

16 6 Prior to its approval of an urban renewal plan which
16 7 provides for a division of revenue pursuant to section 403.19,
16 8 the municipality shall mail the proposed plan by regular mail
16 9 to the affected taxing entities. The municipality shall
16 10 include with the proposed plan notification of a consultation
16 11 to be held between the municipality and affected taxing
16 12 entities prior to the public hearing on the urban renewal

16 13 plan. Each affected taxing entity may appoint a
16 14 representative to attend the consultation. The consultation
16 15 may include a discussion of the estimated growth in valuation
16 16 of taxable property included in the proposed urban renewal
16 17 area, the fiscal impact of the division of revenue on the
16 18 affected taxing entities, the estimated impact on the
16 19 provision of services by each of the affected taxing entities
16 20 in the proposed urban renewal area, and the duration of any
16 21 bond issuance included in the plan. The designated
16 22 representative of the affected taxing entity may make written
16 23 recommendations for modification to the proposed ~~division of~~
~~16 24 revenue urban renewal plan~~ no later than seven days following
16 25 the date of the consultation. The representative of the
16 26 municipality shall, no later than seven days prior to the
16 27 public hearing on the urban renewal plan, submit a written
16 28 response to the affected taxing entity addressing the
16 29 recommendations for modification to the proposed ~~division of~~
~~16 30 revenue urban renewal plan~~.

16 31 If the municipality is a city, the board of supervisors of
16 32 each affected taxing entity that is a county must, upon
16 33 conclusion of the consultation process, adopt a resolution
16 34 approving or rejecting the proposed urban renewal plan. Upon
16 35 receipt of the recommendations of the planning commission or,
17 1 if no recommendations are received within the thirty days,
17 2 then, without such recommendations, and upon receipt of county
17 3 board of supervisors resolutions approving the urban renewal
17 4 plan, the governing body of the city may proceed with the
17 5 hearing on the proposed urban renewal plan pursuant to
17 6 subsection 3. Without the receipt of such a resolution
17 7 approving the urban renewal plan from each county that is an
17 8 affected taxing entity, the governing body of the city shall
17 9 not proceed with the proposed urban renewal plan.

17 10 Sec. 24. Section 403.5, subsections 5, 6, and 7, Code
17 11 2003, are amended to read as follows:

17 12 5. An urban renewal plan may be ~~modified~~ amended at any
17 13 time: Provided, that if ~~modified~~ amended after the lease or
17 14 sale by the municipality of real property in the urban renewal
17 15 project area, such ~~modification~~ amendment may be conditioned
17 16 upon such approval of the owner, lessee, or successor in
17 17 interest as the municipality may deem advisable, and in any
17 18 event such ~~modification~~ amendment shall be subject to such
17 19 rights at law or in equity as a lessee or purchaser, or a
17 20 lessee's or purchaser's successor or successors in interest,
17 21 may be entitled to assert. ~~The A project may be added to an~~
17 22 urban renewal plan only by an amendment to the plan.

17 23 Territory may be added to, or severed from, an urban renewal
17 24 area only by an amendment to the urban renewal plan. When
17 25 amending an urban renewal plan, the municipality shall comply
17 26 with the notification and consultation process provided in
17 27 this section, including the requirement that an affected
17 28 taxing entity that is a county approve the proposed amendment
17 29 if the municipality is a city, prior to the approval of any
17 30 amendment or modification to an adopted urban renewal plan if
17 31 such amendment or modification provides for refunding bonds or
17 32 refinancing resulting in an increase in debt service or
17 33 provides for the issuance of bonds or other indebtedness, to
17 34 be funded primarily in the manner provided in section 403.19,
17 35 or if such amendment proposes to add a project to an urban
18 1 renewal plan or proposes to add territory to an urban renewal
18 2 area or proposes to sever territory from an urban renewal
18 3 area.

18 4 6. Upon the approval by a municipality of an urban renewal
18 5 plan or of any ~~modification thereof~~ amendment to an urban
18 6 renewal plan, such plan or modification amendment shall be
18 7 deemed to be in full force and effect for the respective urban
18 8 renewal area, and the municipality may then cause such plan or
18 9 modification amendment to be carried out in accordance with
18 10 its terms.

18 11 7. Notwithstanding any other provisions of this chapter,
18 12 where the local governing body certifies that an area is in
18 13 need of redevelopment or rehabilitation as a result of a
18 14 flood, fire, hurricane, earthquake, storm, or other
18 15 catastrophe respecting which the governor of the state has
18 16 certified the need for disaster assistance under Pub. L. No.
18 17 875, Eighty-first Congress, 64 Stat. L. 1109; 42 U.S.C. }
18 18 1855-1855g or other federal law, the local governing body may
18 19 approve an urban renewal plan and an urban renewal project
18 20 with respect to such area without regard to the provisions of
18 21 subsection 4 and without regard to provisions of this section
18 22 requiring notification and consultation and approval by the
18 23 county if the municipality is a city, a general plan for the

18 24 municipality, and a public hearing on the urban renewal plan
18 25 or project.

18 26 Sec. 25. Section 403.5, Code 2003, is amended by adding
18 27 the following new subsection:

18 28 NEW SUBSECTION. 8. The designation of an urban renewal
18 29 area pursuant to this section shall be limited in duration to
18 30 twenty years counting from July 1 of the first fiscal year in
18 31 which the municipality receives moneys from a division of
18 32 revenue pursuant to section 403.19. However, the duration of
18 33 an urban renewal area established before July 1, 2003, shall
18 34 be limited to twenty years counting from July 1 of the first
18 35 fiscal year in which the municipality received moneys from a
19 1 division of revenue pursuant to section 403.19, or shall end
19 2 June 30 of the fiscal year in which the amount of loans,
19 3 advances, indebtedness, or bonds due and owing on the
19 4 effective date of this section of this Act is paid, whichever
19 5 is later. An amendment to an urban renewal plan shall not
19 6 result in an extension of the durational limitation imposed in
19 7 this subsection.

19 8 Sec. 26. Section 403.6, subsection 6, paragraph b, Code
19 9 2003, is amended to read as follows:

19 10 b. Urban renewal plans adopted, or amended, pursuant to
19 11 the requirements of section 403.5;

19 12 Sec. 27. Section 403.6, subsection 12, Code 2003, is
19 13 amended to read as follows:

19 14 12. To approve and amend urban renewal plans, subject to
19 15 the requirements of section 403.5.

19 16 Sec. 28. Section 403.17, subsection 10, Code 2003, is
19 17 amended to read as follows:

19 18 10. "Economic development area" means an area of a
19 19 municipality designated by the local governing body as
19 20 appropriate for commercial and industrial enterprises, public
19 21 improvements related to housing and residential development,
19 22 or construction of housing and residential development for low
19 23 and moderate income families, including single or multifamily
19 24 housing. ~~If an urban renewal plan for an urban renewal area~~
~~is based upon a finding that the area is an economic~~
~~development area and that no part contains slum or blighted~~
~~conditions, then the division of revenue provided in section~~
~~403.19 and stated in the plan shall be limited to twenty years~~
~~from the calendar year following the calendar year in which~~
~~the municipality first certifies to the county auditor the~~
~~amount of any loans, advances, indebtedness, or bonds which~~
~~qualify for payment from the division of revenue provided in~~
~~section 403.19.~~ Such designated area shall not include
19 34 agricultural land, including land which is part of a century
19 35 farm, unless the owner of the agricultural land or century
20 1 farm agrees to include the agricultural land or century farm
20 2 in the urban renewal area. For the purposes of this
20 3 subsection, "century farm" means a farm in which at least
20 4 forty acres of such farm have been held in continuous
20 5 ownership by the same family for one hundred years or more.

20 6 Sec. 29. Section 403.17, Code 2003, is amended by adding
20 7 the following new subsection:

20 8 NEW SUBSECTION. 12A. "Indebtedness" includes, but is not
20 9 limited to, a written agreement to suspend, abate, exempt,
20 10 rebate, refund, or reimburse property taxes or to provide a
20 11 grant for property taxes paid.

20 12 Sec. 30. Section 403.17, subsection 23, Code 2003, is
20 13 amended to read as follows:

20 14 23. "Urban renewal area" means a slum area, blighted area,
20 15 economic development area, or combination of the areas, which
20 16 the local governing body designates as appropriate for an
20 17 urban renewal project and which meets the maximum valuation
20 18 limitation on the size of the area in section 403.5,
20 19 subsection 1.

20 20 Sec. 31. Section 403.17, subsection 25, Code 2003, is
20 21 amended by adding the following new unnumbered paragraph:

20 22 NEW UNNUMBERED PARAGRAPH. An urban renewal project shall
20 23 not include undertakings or activities relating to a business
20 24 which is or will be located in the area of operation of a
20 25 municipality if the business has closed or reduced its
20 26 operation in one area of the state and relocated substantially
20 27 the same operation into the area of operation of the
20 28 municipality.

20 29 Sec. 32. Section 403.19, subsection 2, Code 2003, is
20 30 amended to read as follows:

20 31 2. That portion of the taxes each year in excess of such
20 32 amount shall be allocated to and when collected be paid into a
20 33 special fund of the municipality to pay the principal of and
20 34 interest on loans, moneys advanced to, or indebtedness,

20 35 whether funded, refunded, assumed, or otherwise, including
21 1 bonds issued under the authority of section 403.9, subsection
21 2 1, incurred by the municipality to finance or refinance, in
21 3 whole or in part, an urban renewal project within the area,
21 4 and to provide assistance for low and moderate income family
21 5 housing as provided in section 403.22, except that taxes for
21 6 the regular and voter-approved physical plant and equipment
21 7 levy of a school district imposed pursuant to section 298.2,
21 8 ~~and taxes for the payment of bonds and interest of each taxing~~
21 9 ~~district, and, beginning with fiscal years beginning on or~~
21 10 ~~after July 1, 2007, the foundation property tax imposed~~
21 11 ~~pursuant to section 257.3, subsection 1, must be collected~~
21 12 ~~against all taxable property within the taxing district~~
21 13 ~~without limitation by the provisions of this subsection.~~
21 14 ~~However, all or a portion of the taxes for the physical plant~~
21 15 ~~and equipment levy shall be paid by the school district to the~~
21 16 ~~municipality if the auditor certifies to the school district~~
21 17 ~~by July 1 the amount of such levy that is necessary to pay the~~
21 18 ~~principal and interest on bonds issued by the municipality to~~
21 19 ~~finance an urban renewal project, which bonds were issued~~
21 20 ~~before July 1, 2001. Indebtedness incurred to refund bonds~~
21 21 ~~issued prior to July 1, 2001, shall not be included in the~~
21 22 ~~certification. Such school district shall pay over the amount~~
21 23 ~~certified by November 1 and May 1 of the fiscal year following~~
21 24 ~~certification to the school district subsection 7 applies.~~
21 25 Unless and until the total assessed valuation of the taxable
21 26 property in an urban renewal area exceeds the total assessed
21 27 value of the taxable property in such area as shown by the
21 28 last equalized assessment roll referred to in subsection 1,
21 29 all of the taxes levied and collected upon the taxable
21 30 property in the urban renewal area shall be paid into the
21 31 funds for the respective taxing districts as taxes by or for
21 32 the taxing districts in the same manner as all other property
21 33 taxes. When such loans, advances, indebtedness, and bonds, if
21 34 any, and interest thereon, have been paid, all moneys
21 35 thereafter received from taxes upon the taxable property in

22 1 such urban renewal area shall be paid into the funds for the
22 2 respective taxing districts in the same manner as taxes on all
22 3 other property.
22 4 Sec. 33. Section 403.19, subsection 5, Code 2003, is
22 5 amended to read as follows:
22 6 5. A municipality shall certify to the county auditor on
22 7 or before December 1 of each year the amount of loans,
22 8 advances, indebtedness, or bonds which qualify for payment
22 9 during the fiscal year beginning in the following calendar
22 10 year from the special fund referred to in subsection 2, and
22 11 the filing of the certificate shall make it a duty of the
22 12 auditor to provide for the division of taxes in ~~each~~
22 13 ~~subsequent the amount certified for the fiscal year until the~~
22 14 ~~amount of the loans, advances, indebtedness, or bonds is paid~~
22 15 ~~to the special fund beginning in the following calendar year.~~
22 16 The municipality shall include in the certification the total
22 17 amount, as of December 1, of loans, advances, indebtedness, or
22 18 bonds which qualify for payment from the special fund. In any
22 19 year, the county auditor shall, upon receipt of a certified
22 20 request from a municipality filed on or before December 1,
22 21 increase the amount to be allocated under subsection 1 in
22 22 order to reduce the amount to be allocated in the following
22 23 fiscal year to the special fund, to the extent that the
22 24 municipality does not request allocation to the special fund
22 25 of the full portion of taxes which could be collected. Upon
22 26 receipt of a certificate from a municipality, the auditor
22 27 shall mail a copy of the certificate to each affected taxing
22 28 district.

22 29 Sec. 34. Section 403.19, subsection 7, Code 2003, is
22 30 amended to read as follows:
22 31 7. For any fiscal year, a municipality may certify to the
22 32 county auditor for physical plant and equipment revenue
22 33 necessary for payment of principal and interest on bonds
22 34 issued prior to July 1, 2001, only if the municipality
22 35 certified for such revenue for the fiscal year beginning July
23 1 1, 2000. A municipality shall not certify to the county
23 2 auditor for a school district more than the amount the
23 3 municipality certified for the fiscal year beginning July 1,
23 4 2000. If for any fiscal year a municipality fails to certify
23 5 to the county auditor for a school district by July 1 the
23 6 amount of physical plant and equipment revenue necessary for
23 7 payment of principal and interest on such bonds, as provided
23 8 in subsection 2, the school district is not required to pay
23 9 over the revenue to the municipality. The county auditor
23 10 shall immediately certify to the school district the amount of

23 11 such levy that is necessary to pay the principal and interest
23 12 on bonds issued by the municipality to finance an urban
23 13 renewal project, which bonds were issued before July 1, 2001.
23 14 Indebtedness incurred to refund bonds issued prior to July 1,
23 15 2001, shall not be included in the certification. Such school
23 16 district shall pay over the amount certified by November 1 and
23 17 May 1 of the fiscal year following certification to the school
23 18 district.

23 19 PARAGRAPH DIVIDED. If a school district and a municipality
23 20 are unable to agree on the amount of physical plant and
23 21 equipment revenue certified by the municipality for the fiscal
23 22 year beginning July 1, 2001, either party may request that the
23 23 state appeal board review and finally pass upon the amount
23 24 that may be certified. Such appeals must be presented in
23 25 writing to the state appeal board no later than July 31
23 26 following certification. The burden shall be on the
23 27 municipality to prove that the physical plant and equipment
23 28 levy revenue is necessary to pay principal and interest on
23 29 bonds issued prior to July 1, 2001. A final decision must be
23 30 issued by the state appeal board no later than the following
23 31 October 1.

23 32 Sec. 35. Section 403.19, Code 2003, is amended by adding
23 33 the following new subsection:

23 34 NEW SUBSECTION. 9. Effective for the fiscal year
23 35 beginning July 1, 2005, and for all subsequent fiscal years,
24 1 property tax revenues divided pursuant to this section and
24 2 paid into the special fund in subsection 2 shall not be used
24 3 by a municipality to suspend, abate, exempt, rebate, refund,
24 4 or reimburse property taxes, or provide a grant for property
24 5 taxes paid, in an urban renewal area if the property taxes are
24 6 imposed against retail property.

24 7 Sec. 36. Section 403.20, Code 2003, is amended to read as
24 8 follows:

24 9 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE
24 10 ASSESSMENT.

24 11 1. ~~In~~ Except as otherwise provided in subsection 2, in
24 12 determining the assessed value of property within an urban
24 13 renewal area which is subject to a division of tax revenues
24 14 pursuant to section 403.19, the difference between the actual
24 15 value of the property as determined by the assessor each year
24 16 and the percentage of adjustment certified for that year by
24 17 the director of revenue and finance on or before November 1
24 18 pursuant to section 441.21, subsection 9, multiplied by the
24 19 actual value of the property as determined by the assessor,
24 20 shall be subtracted from the actual value of the property as
24 21 determined pursuant to section 403.19, subsection 1. If the
24 22 assessed value of the property as determined pursuant to
24 23 section 403.19, subsection 1, is reduced to zero, the
24 24 additional valuation reduction shall be subtracted from the
24 25 actual value of the property as determined by the assessor.

24 26 2. This subsection applies to urban renewal areas
24 27 established pursuant to an urban renewal plan adopted on or
24 28 after July 1, 2003, and any amendments thereto, and to
24 29 territory amended into an urban renewal area established
24 30 pursuant to an urban renewal plan adopted before July 1, 2003,
24 31 if such amendment adding territory was adopted on or after
24 32 July 1, 2003. In determining the assessed value of property
24 33 within an urban renewal area which is subject to a division of
24 34 tax revenues pursuant to section 403.19, the difference
24 35 between the actual value of the property as determined by the
25 1 assessor each year and the percentage of adjustment certified
25 2 for that year by the director of revenue and finance on or
25 3 before November 1 pursuant to section 441.21, subsection 9,
25 4 multiplied by the actual value of the property as determined
25 5 by the assessor, shall be subtracted from the actual value of
25 6 the property in the ratio that the amount of the property
25 7 value as determined pursuant to section 403.19, subsection 1,
25 8 bears to the total value of the property, and in the ratio
25 9 that the amount of the property value as determined in section
25 10 403.19, subsection 2, bears to the total value of the
25 11 property. If the assessed value of the property as determined
25 12 pursuant to section 403.19, subsection 1, is reduced to zero,
25 13 the additional valuation reduction shall be subtracted from
25 14 the actual value of the property as determined in section
25 15 403.19, subsection 2.

25 16 Sec. 37. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

25 17 1. The sections of this division of this Act amending
25 18 section 403.5, subsection 1, and section 403.17, subsection
25 19 23, take effect July 1, 2003, and apply retroactively to the
25 20 assessment year beginning January 1, 2003, for urban renewal
25 21 areas established before, on, or after the effective date of

25 22 these sections of this division of this Act.
25 23 2. The section of this division of this Act amending
25 24 section 403.5, subsection 2, being deemed of immediate
25 25 importance, takes effect upon enactment and applies to urban
25 26 renewal plans proposed on or after the effective date.
25 27 3. The section of this division of this Act amending
25 28 section 403.5, subsections 5, 6, and 7, being deemed of
25 29 immediate importance, takes effect upon enactment and applies
25 30 to amendments to urban renewal plans, if such amendments are
25 31 proposed on or after the effective date of this section of
25 32 this division of this Act.
25 33 4. The sections of this division of this Act enacting
25 34 section 403.5, subsection 8, amending section 403.17,
25 35 subsections 10 and 25, enacting section 403.17, subsection
26 1 12A, and amending section 403.19, subsection 5, take effect
26 2 July 1, 2003, and apply to urban renewal plans adopted and
26 3 urban renewal areas established before, on, or after the
26 4 effective date of these sections of this division of this Act.
26 5 5. The sections of this division of this Act amending
26 6 section 403.19, subsections 2 and 7, take effect July 1, 2006,
26 7 and apply to fiscal years beginning on or after July 1, 2007.
26 8 6. The section of this division of this Act enacting
26 9 section 403.19, subsection 9, applies to urban renewal areas
26 10 established before, on, or after July 1, 2003.

26 11 EXPLANATION

26 12 This bill relates to economic development by creating a
26 13 technology transfer advisor, creating a loan and credit
26 14 guarantee program and fund, creating an economic development
26 15 marketing board, providing for a business start-up information
26 16 internet web site, creating a grow Iowa fund, making
26 17 appropriations and related tax changes, making changes to
26 18 urban renewal law and related taxes, and providing effective
26 19 and retroactive applicability dates.

26 20 DIVISION I == This division of the bill relates to the
26 21 creation of a position of technology transfer advisor.

26 22 The division requires the governor to appoint two
26 23 technology transfer advisors located at offices at the
26 24 university of Iowa and Iowa state university of science and
26 25 technology. The division provides that the advisors shall do
26 26 all of the following:

26 27 1. Facilitate the transfer of technology developed by
26 28 state universities, community colleges, and private colleges
26 29 and universities.

26 30 2. Coordinate the technology transfer activities at each
26 31 of the public and private universities to encourage the
26 32 implementation of best practices in technology transfer,
26 33 establish measures of performance, and design programs of
26 34 continuous quality improvement for each technology transfer
26 35 office.

27 1 3. Establish technology transfer goals for the state.

27 2 4. Provide technical assistance to Iowa-based
27 3 entrepreneurs associated with or unrelated to the state
27 4 universities regarding technology transfer-related issues.

27 5 5. Receive the technology transfer-related report
27 6 submitted by the state board of regents.

27 7 6. Serve as a coordinator between Iowa-based businesses
27 8 and businesses intending to locate in Iowa.

27 9 The division requires the department of economic
27 10 development to cooperate with and provide staffing support to
27 11 the technology transfer advisors.

27 12 The division requires the state board of regents to
27 13 actively encourage and promote the transfer of technology and
27 14 research at the universities under the board's control to
27 15 commercial application. The division requires the state board
27 16 of regents to give preference and technical support to those
27 17 faculty members and staff members desiring to obtain licenses
27 18 for intellectual property rights created in whole or in part
27 19 by the faculty member or staff member. The division requires
27 20 the state board of regents to annually submit a report to the
27 21 general assembly and the governor regarding technology
27 22 transfer-related information.

27 23 This division of the bill is repealed July 1, 2008.

27 24 DIVISION II == This division of the bill creates a loan and
27 25 credit guarantee program and fund.

27 26 The division requires the department of economic
27 27 development to establish and administer a loan and credit
27 28 guarantee program designed to, through agreements with
27 29 financial institutions, provide loan and credit guarantees,
27 30 insurance, coinsurance, and other forms of credit guarantees
27 31 for qualified businesses and targeted industry businesses for
27 32 eligible project costs. The division provides that a loan or

27 33 credit guarantee, insurance, coinsurance, or other form of
27 34 credit guarantee provided under the program to a participating
27 35 financial institution for a single qualified business or
28 1 targeted industry business shall not exceed \$1 million. Such
28 2 guarantees to more than one participating financial
28 3 institution for a single business shall not exceed \$10
28 4 million. The division provides that, in administering the
28 5 program, the department shall consult and cooperate with
28 6 financial institutions in this state and with the loan and
28 7 credit guarantee advisory board.

28 8 The division provides that each participating financial
28 9 institution shall identify and underwrite potential lending
28 10 opportunities with qualified businesses and targeted industry
28 11 businesses. The division provides that, upon a determination
28 12 by a participating financial institution that a qualified
28 13 business or targeted industry business meets the underwriting
28 14 standards for the approval of a loan or credit guarantee, the
28 15 financial institution shall submit the underwriting
28 16 information and a loan or credit guarantee application to the
28 17 department.

28 18 The division provides that the department shall enter into
28 19 an agreement with the participating financial institution upon
28 20 approval of an application under the program.

28 21 The division provides for a preliminary guarantee
28 22 commitment application process where a qualified business or
28 23 targeted industry business applies directly to the department.

28 24 The division allows the department to establish fees in
28 25 relation to the program.

28 26 The division requires the department, in consultation with
28 27 the superintendent of banking, to establish a loan and credit
28 28 guarantee advisory board to provide the department with
28 29 technical advice regarding the administration of the program.
28 30 The division requires the advisory board to review and provide
28 31 recommendations regarding all applications under the program.

28 32 The division creates a loan and credit guarantee fund as a
28 33 separate and distinct fund in the state treasury to only be
28 34 used for specific purposes under the program. The division
28 35 provides that the department shall only pledge moneys in the
29 1 loan and credit guarantee fund and not any other moneys of the
29 2 department. The division allows the department to pledge an
29 3 amount not to exceed a total of \$100 million of moneys in the
29 4 fund to assure the repayment of loan and credit guarantees or
29 5 other extensions of credit made under the program. The
29 6 division prohibits the department from pledging the credit or
29 7 taxing power of this state or any political subdivision of
29 8 this state or make debts payable out of any moneys except for
29 9 those in the loan and credit guarantee fund.

29 10 This division of the bill is repealed July 1, 2008.

29 11 DIVISION III == This division of the bill creates an
29 12 economic development marketing board.

29 13 The division establishes an economic development marketing
29 14 board consisting of seven members and is located for
29 15 administrative purposes within the department. The division
29 16 provides that the board shall accept proposals for marketing
29 17 strategies for purposes of selecting a strategy for the
29 18 department of economic development to administer. The
29 19 division provides that the marketing strategies shall be
29 20 designed to market Iowa as a lifestyle, increase the
29 21 population of the state, increase the wealth of Iowans, and
29 22 expand and stimulate the state economy.

29 23 This division of the bill is repealed July 1, 2008.

29 24 DIVISION IV == This division of the bill provides for a
29 25 business start-up information internet web site.

29 26 The division requires the department of economic
29 27 development to provide information through an internet web
29 28 site to assist persons interested in establishing a commercial
29 29 facility or engaging in a commercial activity. The division
29 30 requires the department to examine similar efforts in other
29 31 states and incorporate the best practices in developing the
29 32 internet web site.

29 33 DIVISION V == This division of the bill creates a grow Iowa
29 34 fund.

29 35 The division appropriates moneys in the fund to all of the
30 1 following for all of the following purposes:

30 2 1. To the department of economic development for deposit
30 3 in the loan and credit guarantee fund, not more than \$100
30 4 million.

30 5 2. To the department of economic development for purposes
30 6 of administering the marketing strategy selected by the
30 7 economic development marketing board, not more than \$15
30 8 million.

30 9 3. To the governor's office for purposes of the technology
30 10 transfer agents, not more than \$300,000 per year.

30 11 4. To the department of economic development for purposes
30 12 of administering the business start-up information internet
30 13 web site, not more \$150,000.

30 14 The division provides that the fund shall consist of
30 15 certain sales tax revenues appropriated from the general fund
30 16 of the state to the department of economic development for the
30 17 fiscal period beginning July 1, 2003, and ending June 30,
30 18 2008, for deposit in the grow Iowa fund. The sales tax
30 19 revenues appropriated from the general fund result from
30 20 delaying the phasing out over a number of years of a sales tax
30 21 on the sale, furnishing, or service of residential metered gas
30 22 and electricity and the sale, furnishing, or service of fuel
30 23 for purposes of residential energy and the delivery of the
30 24 fuel.

30 25 DIVISION VI == This division of the bill makes several
30 26 changes to the urban renewal and tax increment financing law.

30 27 The division provides that cities having a population of
30 28 less than 2,000 shall be audited for each fiscal year ending
30 29 on or after June 30, 2004, if the city has established an
30 30 urban renewal area and the incremental valuation for purposes
30 31 of dividing revenue is \$1 million or more. Currently, cities
30 32 with a population of 700 but less than 2,000 have their
30 33 accounts audited every four years and cities of less than 700
30 34 population are not audited except under certain circumstances.

30 35 The division limits the amount of taxable valuation in an
31 1 urban renewal increment in municipalities of 20,000 or less to
31 2 an amount equal to 20 percent of the total taxable valuation
31 3 in the municipality. The division limits the amount of
31 4 taxable valuation in an urban renewal increment in
31 5 municipalities of over 20,000 to an amount equal to 10 percent
31 6 of the total taxable valuation in the municipality. However,
31 7 the division provides that if all or a portion of the
31 8 valuation reduced because of the limitation is needed to pay
31 9 debt incurred before July 1, 2004, the municipality may
31 10 capture that value needed. This section of the division takes
31 11 effect July 1, 2003, and applies retroactively to the
31 12 assessment year beginning January 1, 2003, for urban renewal
31 13 areas established before, on, or after the effective date.

31 14 The division provides that a city proposing an urban
31 15 renewal plan, or amending an existing plan, shall not proceed
31 16 unless the affected taxing entities that are counties, by
31 17 resolution, approve the proposed plan or amendment. The
31 18 division also provides that a project may be added to a plan
31 19 or territory added to or severed from an urban renewal area
31 20 only by an amendment to the urban renewal plan. This portion
31 21 of the division takes effect upon enactment and applies to
31 22 urban renewal plans proposed on or after the effective date
31 23 and to amendments to any urban renewal plan, if such
31 24 amendments are proposed on or after the effective date.

31 25 The division limits urban renewal areas to 20 years in
31 26 duration counting from July 1 of the first fiscal year in
31 27 which the municipality receives moneys from a division of
31 28 revenue. However, the duration of an urban renewal area
31 29 established before July 1, 2003, is 20 years from the first
31 30 fiscal year the municipality receives moneys from a division
31 31 of revenue or the year in which indebtedness is retired,
31 32 whichever is later. This portion of the division takes effect
31 33 July 1, 2003, and applies to urban renewal areas established
31 34 before, on, or after the effective date of this portion of the
31 35 bill.

32 1 The division defines "indebtedness" to include a written
32 2 agreement to suspend, abate, exempt, rebate, refund, or
32 3 reimburse property taxes or to provide a grant for property
32 4 taxes paid. This portion of the division takes effect July 1,
32 5 2003, and applies to urban renewal plans adopted, and urban
32 6 renewal areas established, before, on, or after the effective
32 7 date. Effective for fiscal years beginning on or after July
32 8 1, 2005, the division prohibits the use of such agreements for
32 9 property taxes on retail property.

32 10 The division amends the definition of "urban renewal
32 11 project" to provide that it does not include activities or
32 12 undertakings relating to a business which is or will be
32 13 located in the area of operation of a municipality if the
32 14 business has closed or reduced its operation in one area of
32 15 the state and relocated substantially the same operation into
32 16 the area of operation of the municipality. This portion of
32 17 the division takes effect July 1, 2003, and applies to urban
32 18 renewal plans adopted, and urban renewal areas established,
32 19 before, on, or after the effective date.

32 20 The division provides that, beginning with fiscal years
32 21 beginning on or after July 1, 2007, the foundation property
32 22 tax (\$5.40 per \$1,000 of assessed value of taxable property)
32 23 imposed on property in an urban renewal area will not be
32 24 divided and paid to a municipality.

32 25 The division specifies that a municipality shall certify by
32 26 December 1 of each year the amount of loans, advances,
32 27 indebtedness, or bonds which qualify for payment from a
32 28 division of revenue for the following fiscal year. The
32 29 division also requires that the municipality certify the total
32 30 amount of outstanding loans, advances, indebtedness, or bonds
32 31 which qualify for payment from divided revenues. This portion
32 32 of the division takes effect July 1, 2003, and applies to
32 33 urban renewal areas established before, on, or after the
32 34 effective date.

32 35 The division provides that the assessment limitation (i.e.,
33 1 rollback) amount shall be subtracted from the increment value
33 2 amount and the base value amount in the proportion that the
33 3 value of each bears to the total value of the property in the
33 4 urban renewal area if it is an urban renewal area established
33 5 pursuant to an urban renewal plan adopted on or after July 1,
33 6 2003, or if it is territory amended into an urban renewal area
33 7 established pursuant to an urban renewal plan adopted before
33 8 July 1, 2003, if such amendment was approved on or after July
33 9 1, 2003.

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33 11 tm/sh/8